CAMEROON

TRADE SUMMARY

In 1999, the United States suffered its first trade deficit with Cameroon since 1995, mostly due to the rise in international oil prices. U.S. imports from Cameroon totaled $77 million, while U.S. exports to Cameroon totaled $37 million. The result was a $40 million trade deficit for the United States. In 1998, the United States had a $22 million trade surplus with Cameroon and a $64 million surplus in 1997. The stock of U.S. direct investment in Cameroon was estimated to have been $238 million in 1998, a 46 percent decline from 1997.

Cameroon is a member of the *Cosmonautė Economique et Monėtaire de l'Afrique Central* (or CEMAC, the Central African Economic and Monetary Community), which also comprises Gabon, Central African Republic, Republic of Congo, Chad, and Equatorial Guinea. The treaty establishing CEMAC was signed on March 1994, but did not enter into force until August 1, 1999. The main objective of the treaty, which was born out of the Central African Customs and Economic Union, is to ensure the macroeconomic stability and credibility required to sustain a fixed exchange rate for the common currency, the CFAF franc. In addition to close monetary cooperation, the treaty envisions a single domestic market through the establishment of a full customs union, harmonization of legal and regulatory systems, implementation of common sectoral policies, and convergence of fiscal policies in support of the common monetary policy. In September 1999, the Council of Ministers of CEMAC adopted a regional plan to work toward macroeconomic policy convergence, the deepening of financial markets, and to accelerate the creation of a single domestic market.

A key component of CEMAC is the *Banque des Etats de l'Afrique Centrale* (BEAC), a regional central bank that issues the Central African Financial Cooperation (CFAF) franc for the community. Governing principles include the pooling of all foreign exchange, the guarantee of convertibility of the CFAF franc at a fixed parity through an unlimited overdraft facility with the French Treasury, a ceiling on central bank credit to governments, and a minimum foreign exchange cover of 20 percent of the currency issue. On January 1, 1999, the peg of the CFAF franc was shifted from the French franc to the euro at the rate of CFAF 656 = 1 euro. The change to the euro was accomplished after the Economic and Financial Council of the European Union agreed that France could continue to maintain its franc zone arrangements. Monetary cooperation agreements linking France and CEMAC have remained essentially unchanged after the introduction of the euro.

IMPORT POLICIES

Since 1994, Cameroon has been operating under the Central African Customs Union's regional reform program. This program has been expanded to include a new Customs Code and an amendment to the Investment Code. The new Customs Code eliminates most quantitative restrictions on foreign trade and simplifies customs procedures.

On January 1, 1998, the Generalized Preferential Tariff (TPG) was to have been completely eliminated for goods shipped between CEMAC countries. Only a value-added tax (replacing the turnover tax (TCA) in Cameroon) at the rate of 18.7percent is to be collected on intra regional goods. However, there has been some delay in achieving this goal among CEMAC countries. Customs duty, in addition to the value-added tax, is assessed on imports into CEMAC countries.

The Cameroon government has moved to intensify customs revenue collection by contracting the Swiss company SGS to assess and collect customs duties. The unweighted average of the Common External Tariff (CET) of the CEMAC is 18.4 percent. The CET is assessed through four tariff rates: 5 percent for essential goods, 10 percent for raw materials and capital goods, 20 percent for intermediate goods, and 30 percent for consumer goods. Cameroon currently imposes surcharges on maize meal and cement.

Import Licensing

Cameroon's import licensing procedures have been simplified. A prospective importer is now only required to have an "*agrement*," which serves as a two-year, renewable import license covering any item an importer may choose to import. Special import permits are granted to individuals who import items for personal use. Contractors importing equipment and supplies relating to public contracts can obtain a duty exemption from the Ministry of Economy and Finance. CEMAC has not yet created a regional licensing system.

Documentation Requirements

Cameroon requires a commercial invoice and a bill of lading for all imported goods. Shipping marks and numbers must match exactly those on the invoices and the goods. Three copies of the invoices are necessary for surface shipments while four copies are necessary for air shipments. The importer must also present an "*agrement*" and/or exemption, if appropriate. Documentation of bank transactions is required only if the value of the imported goods exceeds CFAF 2,000,000. This is also true for a pre-shipment inspection certificate, called a Clean Report of Findings from SGS. For certain imports, such as second-hand clothing, certificates of non-infestation are also required.

Customs Valuation

Customs taxes in Cameroon are levied on the C.I.F. value of the imported goods. The prevailing practice, however, is to value the goods at the list price of the goods in country of origin and include the cost of freight to Douala (the principal port of Cameroon). Customs fraud is still a major problem and protracted negotiations with customs officers over the value of imported goods are common.

STANDARDS, TESTING, LABELING AND CERTIFICATION

Standardization is at an early stage in Cameroon and is only partially regulated. The Department of Price Control, Weights and Measures is officially responsible for standards administration in Cameroon. Labels should be written in both French and English, and must include the country of origin as well as the name and address of the manufacturer. In addition, the product name, weight, and all ingredients including salt must be listed. Comments such as "made in," "to be consumed before a certain date," etc., should appear in either French or English. Canned goods require that the manufacture and the expiry dates be engraved or stamped on top of the package in indelible ink. Cigarettes destined for Cameroon must be pre-labeled. SGS may inspect the quality of any goods shipped into the country. In practice, imports are admitted into the country with little reference to standards or norms.

GOVERNMENT PROCUREMENT

Cameroon is not a member of the WTO Agreement on Government Procurement. Government procurement is administered by the Directorate of Public Works. Local companies receive preferential price margins and other preferences on all government procurement and development projects. Cameroon's tight budget circumstances require that most direct purchases by the government have pre-identified sources of financing. The Government of Cameroon has a low credit rating because of its continuing difficulty in paying its debts.

EXPORT CONTROLS AND SUBSIDIES

Coffee and cocoa exports must obtain a quality grade certification from one of three government-approved quality testing companies. Export licenses are also required for "strategic" products such as gold and diamonds and for ecologically sensitive items (i.e., items governed by the CITES Convention – live animals, birds, and medicinal plants). The government bans exports of some types of logs as an environmental conservation measure. Cameroon recently lifted some of its heavy export taxes which had penalized exports of agricultural products. No export subsidies are currently in place.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

A new agreement among francophone African countries, signed in 1999 in Bangui, aims at bringing their intellectual property laws into compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Cameroon has ratified the Bangui Agreement and an interagency committee has been created to update Cameroon's IPR laws. Cameroon is also a party to the Paris Convention on Industrial Property and the Universal Copyright Convention. A licensed copyright company, the *Societe Civile Nationale des Droits d'Auteurs*, registers copyrights for music, books and periodicals, paintings, and theatrical productions. IPR enforcement is problematic due to the small size of the market, the cost of enforcement, and the fact that throughout the country there is only a rudimentary understanding of IPR. U.S. industry complains that software piracy is widespread.

Cameroon is the headquarters for the fourteen nation West Africa Intellectual Property Organization (OAPI), which offers registration for patents and trademarks. Patents in Cameroon are good for 10 years and renewable every five years thereafter, if the patent was used in any OAPI member country at least once. Compulsory licensing also exists. Registered trademarks are good for twenty years and renewable every 10 years thereafter. Trademark enforcement is weak due to limited government expertise and resources. OAPI is a member of the World Intellectual Property Organization (WIPO).

SERVICES BARRIERS

Cameroon has eliminated some restrictions on foreign trade in services. Restrictions remain in so-called "strategic" sectors such as water, electricity, public transportation (road and rail), and telecommunications.

Telecommunications

Cameroon is preparing to privatize its telecommunications sector. In preparation, a 1998 telecommunications law established a telecommunications board to regulate, control, and oversee the sector. In December 1999, the government announced the tender of CAMTEL, the largest state-owned firm, with the intention of finalizing a sale in CY2000. In the near future, two private cellular telephone companies, one French-owned, will compete in the Cameroon market. Cellular telephone service, operating on the GSM 900 standard, is currently available in limited geographical areas, but service is expected to cover the whole country in a few years.

Banking

Cameroon has made important strides in the reform and restructuring of its banking sector, which now includes eight operating banks. In January 2000, the last state-owned bank was sold to a French bank. The sector is managed by the *Banque des Etats de l'Afrique Centrale* (BEAC). The Central African Banking Commission (COBAC), which functions as the supervisory body for the region's banking sector, also regulates Cameroon's banking system. COBAC is a jurisdictional body with the authority to take disciplinary action. A regional stock exchange may be launched in Douala in CY2000.

Insurance

Cameroon is one of the fourteen French-speaking African nations that ratified the CIMA treaty and adopted a common code with respect to the insurance sector. This supranational code was designed to regulate the insurance sector in all signatory states. Enforcement of the CIMA code of regulations has led to the closure of some weak insurance companies and the restructuring of the sector, which is almost completed. Foreign firms can operate in Cameroon, but they must have local partners.

Shipping

Infrastructure for distribution of goods is not well developed, but it does provide limited access to all 10 of Cameroon's provinces. The country's major port is at Douala, with smaller ports at Limbe and Kribi. Though the Port of Douala is considered the major port of entry for the central African region, it is one of the most inefficient ports in Africa and is in need of constant dredging and major refitting. An average of three days is needed to clear goods through customs. In December 1997, the Government of Cameroon liberalized auxiliary port and maritime services and the maritime transport sector is now open to any transporter serving Cameroon ports. The government hopes to expand cargo handling capacity at Limbe and Kribi. Cameroon has a relatively well developed rail system and three international airports, along with 50 small airports or airstrips. Domestic air service is not well developed.

INVESTMENT BARRIERS

Capital movements within CEMAC are completely free; those between the CEMAC and third countries are permitted, provided that proper supporting documentation is available and prior notification is given to the exchange control authority. Regarding inward or outward foreign direct investments, investors are required only to declare to the Ministry of Finance transactions above a prescribed threshold and within 30 days of the realization of the investment. There is still a lingering perception that controls on transfers remain in force due to BEAC's decision to monitor outward transfers and the fact that BEAC's payments system is cumbersome and time-consuming. To further streamline the exchange system in CEMAC, the BEAC has finalized new foreign exchange regulations for member countries. The regulations would make members' exchange regulations uniform vis-a-vis third countries.

The Government of Cameroon realizes that the country needs foreign investment to develop. The Ministry of Industrial Development and Trade recently presented the first draft of a new Investment Code that would significantly open Cameroon's investment regime. However, the country's legal system is prone to favoritism and corruption, and tax authorities can hinder investment by being difficult.

Cameroon has a bilateral investment treaty with the United States that provides, inter alia, investor-state international arbitration, the right to make transfers freely and without delay, and the right of establishment. Cameroon is a member of the francophone Organization for the Harmonization of Business Laws (in French, OHADA). OHADA codes are applicable throughout French-speaking West Africa and are either in place in Cameroon or planned to be in place within the next few years.

Electronic Commerce

Internet access is still in its infancy in Cameroon and legislation to govern Internet services has not been devised. Currently, no special restrictions on these services have been imposed. New investment in the telecommunications sector should hasten the development of Internet services.

Agent and Distributor Rules

Agents and distributors must register with the government and their contracts with their suppliers must be notarized and published in the local press.

Procedural and Financial Irregularities

A number of international watchdog organizations have ranked Cameroon as one of the most corrupt countries in Africa. A flawed judicial system is a major obstacle to the development of Cameroon's economy and society. Court decisions are often arbitrary and subject to corruption. Many accused individuals find it easier and cheaper to bribe a judge than to hire a lawyer to win a case. Local and foreign investors, including some U.S. firms, have found Cameroon courts too complicated and costly to litigate contract or property rights, obtain a fair and expeditious hearing, or defend themselves against frivolous lawsuits. Persons accused of corruption by the local press are seldom investigated or called before the courts to account for their actions.